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Cox Announces Multistate Settlements With YP.com Over Check Solicitation Mailings

Billing Scheme Targeted at Businesses

LANSING – Michigan Attorney General Mike Cox announced today that he and the Attorneys General of 33 other states reached agreement with YP Corp. (doing business as YP.com) and its wholly-owned subsidiary Telco Billing, Inc. that will halt the mailing of "live" activation checks that, if cashed, act as a purchase agreement for advertising in YP.com's on-line yellow pages directory.

The checks in question, for small amounts such as \$3.50, were mailed to businesses and other organizations. On the back, in fine print above the endorsement line, was language stating that, by depositing the check, the recipient agreed to purchase advertising and authorized YP.com (through its subsidiary Telco Billing, Inc.) to bill monthly charges on the recipient's telephone bill, or by debiting the amount from the bank account into which the check was deposited, or by other methods. The states' investigation revealed that some check recipients deposited YP.com's checks without realizing that by doing so they were making a purchase, and sometimes remained unaware they were being billed for months after depositing the activation check.

"Today's settlement serves as a reminder that consumers should closely scrutinize unexpected or unfamiliar checks received in the mail to avoid accidentally signing up for an unwanted program, product, or service," Cox said. "Businesses and organizations may be particularly susceptible since they frequently receive checks for payment as a regular part of their business activity. Consumers are also reminded to carefully review all phone bills and bank statements to promptly catch and dispute any suspicious or unauthorized charges," Cox added.

Under the settlement, YP Corp. has agreed to stop using activation checks to obligate businesses to purchase its products and services. YP Corp. also has agreed to pay \$2,000,000,

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collectively, to the states to be used for restitution to former YP.com customers who did not understand the consequences of depositing YP.com's activation check and to reimburse the states for their investigation costs. YP Corp. also agreed to contact its current activation check customers to inform them of their right to cancel their agreement with YP.com and of their potential eligibility for at least a partial refund of monies paid to YP.com.

Current YP.com customers who are being billed for a listing through their telephone bill or bank account and became a customer by depositing an activation check should be contacted by letter within the next two weeks by YP.com.

Complete terms of the settlement agreement ("Assurance of Discontinuance") are available on the Attorney General's Web site; <http://www.michigan.gov/ag>.

Any Michigan business or entity that deposited an activation check from YP.com since January 1, 2003, and was billed for an on-line yellow page listing by doing so, and believes that it did so without understanding the consequences of depositing the check, may be eligible for a refund and should file a complaint with the Attorney General's Consumer Protection Division no later than February 14, 2007. Complaints may be filed on-line at <http://www.michigan.gov/ag> or by writing to the Consumer Protection Division, P.O. Box 30213, Lansing, MI 48909.